

APPENDIX A:
PROJECT DESCRIPTION
Fantsuam Foundation Micro-credit Project – Nigeria

I. Introduction

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

Poverty is endemic in Kaduna State, with women proportionately worse off due to socio-cultural factors and limited access to resources. In rural communities in the state, agriculture is the backbone of the agrarian economy. There are limited off-farm employment or income opportunities. A lack of access to credit and weak enterprise management skills are serious constraints to development.



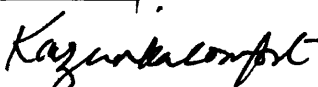
Based on its experience over the past five years, Fantsuam Foundation has demonstrated that it can mobilize technical and financial resources to enable poor women to begin their own micro-enterprises.

Fantsuam Foundation's initial success and the visible impact of its programs have led to increased demand for its services. However, the organization does not have the financial resources to respond. It has already provided pre-loan training to about 1,000 women in thirteen communities, but FF has not had sufficient capital to extend loans to them. In addition to these, about 2,500 more women in 20 communities have requested training, but FF has not approved those requests or memberships due to the backlog of trained, active members who have yet to receive a loan. There are undoubtedly thousands more poor rural women who could benefit from an expanded loan fund.

III. Funding

A. ADF Contribution

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

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B. Grantee Contribution

The Grantee will provide credit funds that it already has on-hand (N4,440,000) and it will fund the pre-loan training for new clients (estimated N310,000). It will cover various operating costs including salaries (estimated N5,394,700), loan monitoring (estimated N480,000), MIS development and communications (estimated N356,000) and various other expenses (estimated N525,000). The Grantee will also fund its own external audits (estimated N200,000) and is planning to expand its office (estimated N850,000). The total estimated value for these items during the project is N12,515,700.

IV. Project Goal

To improve the socio-economic status of the people in Fantsuam Foundation's target areas of Kaduna State.

V. Project Purpose



To increase income of urban and rural poor in Kaduna State. From a baseline of N4,800 per annum income for the average FF member, participants' income will increase:

- 10% in the 1st year of participation;
- 10% additional in the 2nd year of participation;
- 10% additional in the 3rd year of participation;
- 15% additional in the 4th year of participation; and
- ξ 15% additional in the 5th year of participation.

VI. Outputs

The five-year project has the following outputs and performance targets:

- ξ Access to credit increased for urban and rural poor in Kaduna State
 - size of accessible loan increased from N5,000 to N70,000
 - 5,500 first-time borrowers (500 in 1st year; 1,100 in 2nd year; 600 in 3rd year; 1,500 in 4th year; and 1,800 in 5th year)
 - 18,990 loans extended (1,000 in 1st year; 1,990 in 2nd year; 3,454 in 3rd year; 4,920 in 4th year; and 7,626 in 5th year)
- ξ Skills enhanced of participating entrepreneurs in micro-credit and enterprise management;
 - 5,500 new members trained in small enterprise management (500 in 1st year; 1,100 in 2nd year; 600 in 3rd year; 1,500 in 4th year; and 1,800 in 5th year)
 - group leaders maintaining loan records of members
 - entrepreneurs maintaining their own business records
- ξ FF's operational efficiency and effectiveness improved
 - 98% loan recovery each year of the project;

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operational sustainability attained by end of 1st year and maintained annually thereafter through end of project;
full financial sustainability attained by end of project;
FF staff produce quarterly financial reports and auditable annual statement, as well as quarterly loan repayment and aging reports;
Loan officers make monthly visits to every group.

VII. Activities



The following specific activities will be carried out under the project.

1. Loan Fund. Fantsuam Foundation will introduce two new loan products that better fit the needs of its clients, with an administrative fee that enables the Grantee to make the credit program sustainable. ADF funds will enable the Grantee to increase access to credit by capitalizing its loan fund.
2. Training and Technical Assistance. In order to strengthen Fantsuam Foundation's credit management capacity, the project will include:
 - § funding one Area Credit Manager and three field officers for one year;
 - § hiring of a finance officer and his/her salary for one year;
 - § training of management staff and board in micro-credit administration and management information system;
 - § an internship for the Area Credit Manager, Finance Officer and 2 Board members;
 - § installation and training on Loan Performer software;
 - § developing and printing new loan documents and improving management information systems;
 - § adapting and implementing a loan impact assessment tool;
 - § loan monitoring;
 - § acquisition of basic office equipment (computers and peripherals, power generator, and cashbox); and
 - § semi-annual meetings with other ADF-supported micro-credit organizations to share experiences and receive training in best practices and innovations in the sector.
3. Member Services. The Grantee will provide pre-loan training to new clients to strengthen the capacity in credit and micro enterprise management.
4. Loan monitoring, project evaluation, and auditing of organization's accounts.

VIII. Roles and Responsibilities of the Parties

General oversight of the project will be conducted by the Board of Trustees, while actual execution, under the direction of the Area Credit Manager (former General Secretary) will be shared as follows:

- § Project implementation committee: There will be a 7-member project implementation committee under the leadership of Area Credit Manager. Other members will be three field officers, the finance officer and 2 board members. The committee will provide

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overall planning and management of the project. It will also screen, process all loan applications and loans disbursements.

- ξ Participatory Project Monitoring and Evaluation Committee (PPMEC): This committee will have 10 members – a Board member, Area Credit Manager and 8 representatives of FF's clients. It will be responsible for quarterly participatory project monitoring and evaluation including yearly project evaluation.
- ξ Finance officer: Will handle all the financial and accounting activities of the project and will also support the project implementation committee as the need arises.
- ξ Field officers will be involved in loan disbursement and monthly loan monitoring and collection.
- ξ Group leaders will be involved in loan collection from their members for on-ward payments to the field officers of FF.

A FF field officer will visit each group at least monthly, during a center meeting, to discuss with members the progress and problems encountered in their respective businesses. At this time, the FF officer will collect all repayments due and any members' savings.

Limited outside experts or facilitators will be utilized for discreet activities, including: staff training; adaptation of a credit impact assessment tool; and audit and evaluation activities.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and evaluation committee composed of a representative cross-section of the Grantee's organization. The committee will work with the Partner to develop the project monitoring plan. In addition, during implementation, the committee will ensure that the project follows the implementation plan, and that problems identified through monitoring and evaluation are addressed in a timely manner.

The field officers will be responsible for regular monitoring of the project. They will conduct one visit every month to the group centers and beneficiaries in all the chiefdoms to monitor the performance of the groups and individual beneficiaries on progress being made on the utilization of the loan facilities. They will also monitor the conduct of group meetings and savings mobilization. Thereafter, they will collect the monthly loan repayments and weekly savings of the groups. A total of sixty monitoring visits will be undertaken by the field officers through out the project period.

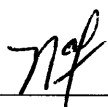
The ten-member Participatory Project Monitoring and Evaluation Committee (PPMEC), which will be made up of the ACM, a board member and eight representatives of the women client groups will conduct quarterly project monitoring and evaluation and a yearly evaluation of the project. To ensure effectiveness and efficiency in carrying out the exercise, the ten-member PPMEC will be divided into five teams of two members each. The chiefdoms (target markets of FF) will be shared among the five teams to handle. PPMEC will conduct a total of twenty quarterly monitoring visits to client groups and

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annual project assessments during the five-year project period. One member of the committee will coordinate the activities of the committee, and she/he will be the principal contact person for monitoring and evaluation of the project.

During each monitoring and evaluation visit, meetings will be held with groups to track progress in meeting the performance targets.

ADF will engage an external consultant to conduct a project performance assessment 18 months into the project. An impact evaluation will be conducted at the end of the project. The focus will be on assessment of the quality of life of the beneficiaries, adequacy of the credit facility in terms of size and products with reference to demand, the quality and relevance of training in relation to the needs of beneficiaries and the efficiency of the organization's credit administration.

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